

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69

CANADIAN COUNTY, OKLAHOMA

JUNE 30, 2014

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CANADIAN COUNTY, OKLAHOMA

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**MUSTANG INDEPENDENT SCHOOL DISTRICT NO. I-69, CANADIAN COUNTY
SCHOOL DISTRICT OFFICIALS
JUNE 30, 2014**

BOARD OF EDUCATION

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Vice President	Jim Davis
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Stacy Brown



INDEPENDENT AUDITOR'S REPORT

The Honorable Board of Education
Mustang Independent School District #69
Canadian County, Oklahoma

Board Members:

Report on Financial Statements

We have audited the accompanying combined fund type and account group financial statements of the **Mustang Independent School District #69**, Canadian County, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements which collectively comprise the district's regulatory financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Oklahoma State Department of Education. This includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1, the financial statements are prepared by **Mustang Independent School District #69** Canadian County, Oklahoma, on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to comply with the requirements of the Oklahoma State Department of Education. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the “Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles” paragraph, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of **Mustang Independent School District #69**, Canadian County, Oklahoma, as of June 30, 2014, or the changes in its financial position, for the year then ended.

Basis for Qualified Opinion on Regulatory Basis of Accounting

The financial statements referred to above do not include the general fixed asset account group, which is a departure from the regulatory basis of accounting prescribed by the Oklahoma State Department of Education. The amount that should be recorded in the general fixed asset account group is not known.

Qualified Opinion on Regulatory Basis of Accounting

In our opinion, except for the effects of the matter described in the “Basis for Qualified Opinion on Regulatory Basis of Accounting” paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities, and equity arising from regulatory basis transactions of each fund type and account group of **Mustang Independent School District, #69**, Canadian County, Oklahoma as of June 30, 2014, and the revenues collected, expenditures paid/expenses, and budgetary results, for the year ended on the regulatory basis of accounting described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **Mustang Independent School District #69, Canadian County, Oklahoma’s** combined financial statements. The combining financial statements as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the combined financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the *Oklahoma Department of Education* and/or the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the combined financial statements.

The combining financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the combined financial statements as a whole on the regulatory basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 29, 2015, on our consideration of the **Mustang Independent School District, #69, Canadian County, Oklahoma's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standard* in considering **Mustang Independent School District, #69, Canadian County, Oklahoma's** internal control over financial reporting and compliance.

Angel, Johnston + Blessingame, P.C.

Chickasha, Oklahoma
January 29, 2015

COMBINED FINANCIAL STATEMENTS

Mustang School District No.1-069, Canadian County, Oklahoma
Combined Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Fund Types and Account Groups
For the Year Ending June 30, 2014

	Governmental Fund Types				Fiduciary Fund Types	Account Group	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Trust and Agency	General Long- Term Debt	June 30, 2014
<u>ASSETS</u>							
Cash and Cash Equivalents	\$ 8,165,121	\$ 1,062,605	\$ 3,952,271	\$ 18,563,300	\$ 1,086,705	\$ 0	\$ 32,830,002
Investments	979,000	0	1,485,000	0	0	0	2,464,000
Amounts Available in Debt Service Fund	0	0	0	0	0	5,437,271	5,437,271
Amounts to be Provided for Retirement of General Long-Term Debt	0	0	0	0	0	34,012,729	34,012,729
Amounts to be Provided For Compensated Absences	0	0	0	0	0	2,116,034	2,116,034
Amounts to be Provided For Capitalized Lease Obligations	0	0	0	0	0	76,050,969	76,050,969
Total Assets	\$ 9,144,121	\$ 1,062,605	\$ 5,437,271	\$ 18,563,300	\$ 1,086,705	\$ 117,617,003	\$ 152,911,005
<u>LIABILITIES AND FUND BALANCE</u>							
Liabilities:							
Warrants Payable	\$ 7,291,057	\$ 385,174	\$ 0	\$ 34,984	\$ 0	\$ 0	\$ 7,711,215
Reserve for Encumbrances	113,475	60,220	0	0	0	0	173,695
Due to Activity Groups	0	0	0	0	1,086,705	0	1,086,705
General Obligation Bonds Payable	0	0	0	0	0	39,450,000	39,450,000
Compensated Absences Payable	0	0	0	0	0	2,116,034	2,116,034
Capitalized Lease Obligations Payable	0	0	0	0	0	76,050,969	76,050,969
Total Liabilities	\$ 7,404,532	\$ 445,394	\$ 0	\$ 34,984	\$ 1,086,705	\$ 117,617,003	\$ 126,588,618
Fund Balances:							
Restricted For:							
Debt Service	\$ 0	\$ 0	\$ 5,437,271	\$ 0	\$ 0	\$ 0	\$ 5,437,271
Capital Projects	0	0	0	18,528,317	0	0	18,528,317
Building Programs	0	291,882	0	0	0	0	291,882
Child Nutron Programs	0	249,579	0	0	0	0	249,579
OCMAPS Programs	0	75,750	0	0	0	0	75,750
Unassigned	1,739,589	0	0	0	0	0	1,739,589
Total Fund Balances	\$ 1,739,589	\$ 617,211	\$ 5,437,271	\$ 18,528,317	\$ 0	\$ 0	\$ 26,322,387
Total Liabilities and Fund Balances	\$ 9,144,121	\$ 1,062,605	\$ 5,437,271	\$ 18,563,300	\$ 1,086,705	\$ 117,617,003	\$ 152,911,005

The notes to the financial statements are an integral part of this statement.

Mustang School District No.1-069, Canadian County, Oklahoma
Combined Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - All Governmental Fund Types
For the Year Ending June 30, 2014

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	June 30, 2014
Revenue Collected:					
Local Sources	\$ 14,374,909	\$ 4,518,361	\$ 9,601,325	\$ 8,909	\$ 28,503,504
Intermediate Sources	2,083,252	0	0	0	2,083,252
State Sources	36,501,616	313,996	0	0	36,815,613
Federal Sources	3,551,679	1,487,158	0	0	5,038,837
Non-Revenue Receipts	7,364	12,342	307,662	0	327,367
<i>Total Revenue Collected</i>	<u>\$ 56,518,819</u>	<u>\$ 6,331,856</u>	<u>\$ 9,908,987</u>	<u>\$ 8,909</u>	<u>\$ 72,768,572</u>
Expenditures Paid:					
Instruction	\$ 37,119,198	\$ 0	\$ 0	\$ 720,696	\$ 37,839,894
Support Services	22,503,277	2,783,087	0	1,711,291	26,997,655
Operation of Non-Instructional Services	166	4,033,010	0	170,684	4,203,860
Facilities Acquisition and Construction	17,509	423,985	0	6,049,802	6,491,296
Other Outlays	7,364	12,341	0	0	19,705
Other Uses	0	0	0	0	0
Repayments	0	79,523	0	0	79,523
Interest Paid on Warrants and Bank Charges	0	0	0	0	0
Debt Service:					
Principal Retirement	0	0	9,945,000	0	9,945,000
Interest and Fiscal Agent Fees	0	0	482,735	0	482,735
<i>Total Expenditures Paid</i>	<u>\$ 59,647,514</u>	<u>\$ 7,331,947</u>	<u>\$ 10,427,735</u>	<u>\$ 8,652,473</u>	<u>\$ 86,059,668</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (3,128,695)</u>	<u>\$ (1,000,090)</u>	<u>\$ (518,748)</u>	<u>\$ (8,643,563)</u>	<u>\$ (13,291,096)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 36,355</u>	<u>\$ 83,072</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 119,427</u>
Other Financing Sources (Uses):					
Estopped Warrants	\$ 4,141	\$ 418	\$ 0	\$ 0	\$ 4,559
Bond Proceeds	0	0	0	16,225,000	16,225,000
Transfers In	253,926	1,590	0	0	255,516
Transfers Out	0	(156,421)	0	(553)	(156,974)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 258,067</u>	<u>\$ (154,412)</u>	<u>\$ 0</u>	<u>\$ 16,224,447</u>	<u>\$ 16,328,101</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (2,834,273)</u>	<u>\$ (1,071,431)</u>	<u>\$ (518,748)</u>	<u>\$ 7,580,883</u>	<u>\$ 3,156,432</u>
<i>Fund Balance - Beginning of Year</i>	<u>4,573,862</u>	<u>1,688,642</u>	<u>5,956,019</u>	<u>10,947,433</u>	<u>23,165,956</u>
<i>Fund Balance - End of Year</i>	<u>\$ 1,739,589</u>	<u>\$ 617,211</u>	<u>\$ 5,437,271</u>	<u>\$ 18,528,317</u>	<u>\$ 26,322,387</u>

The notes to the financial statements are an integral part of this statement.

Mustang School District No. I-069, Canadian County, Oklahoma
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual - Regulatory Basis - Budgeted Governmental Fund Types
For the Year Ending June 30, 2014

	General Fund			Special Revenue Funds			Debt Service Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 12,812,294	\$ 14,623,663	\$ 14,374,909	\$ 4,486,409	\$ 4,486,409	\$ 4,518,361	\$ 9,147,613	\$ 9,147,613	\$ 9,601,325
Intermediate Sources	1,850,000	2,094,493	2,083,252	0	0	0	0	0	0
State Sources	33,251,878	36,506,126	36,501,616	269,787	269,787	313,996	0	0	0
Federal Sources	2,764,023	3,550,333	3,551,679	1,350,000	1,350,000	1,487,158	0	0	0
Non-Revenue Receipts	0	0	7,364	0	0	12,342	0	0	307,662
<i>Total Revenue Collected</i>	<u>\$ 50,678,195</u>	<u>\$ 56,774,615</u>	<u>\$ 56,518,819</u>	<u>\$ 6,106,195</u>	<u>\$ 6,106,195</u>	<u>\$ 6,331,856</u>	<u>\$ 9,147,613</u>	<u>\$ 9,147,613</u>	<u>\$ 9,908,987</u>
Expenditures Paid:									
Instruction	\$ 50,594,140	\$ 50,594,140	\$ 37,119,198	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	4,604,535	10,700,954	22,503,277	2,925,036	2,925,036	2,783,087	0	0	0
Operation of Non-Instructional Services	0	0	166	4,175,313	4,175,313	4,033,010	0	0	0
Facilities Acquisition and Construction	17,509	17,509	17,509	694,488	694,488	423,985	0	0	0
Other Outlays	35,873	35,873	7,364	0	0	12,341	15,103,632	15,103,632	10,427,735
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	79,523	0	0	0
Interest Paid on Warrants and Bank Charges	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 55,252,056</u>	<u>\$ 61,348,476</u>	<u>\$ 59,647,514</u>	<u>\$ 7,794,837</u>	<u>\$ 7,794,837</u>	<u>\$ 7,331,947</u>	<u>\$ 15,103,632</u>	<u>\$ 15,103,632</u>	<u>\$ 10,427,735</u>
<i>Excess of Revenues Collected Over (Under)</i>									
<i>Expenditures Paid Before Adjustments to</i>									
<i>Prior Year Encumbrances</i>	<u>\$ (4,573,862)</u>	<u>\$ (4,573,861)</u>	<u>\$ (3,128,695)</u>	<u>\$ (1,688,642)</u>	<u>\$ (1,688,642)</u>	<u>\$ (1,000,090)</u>	<u>\$ (5,956,019)</u>	<u>\$ (5,956,019)</u>	<u>\$ (518,748)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 36,355</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 83,072</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 4,141	\$ 0	\$ 0	\$ 418	\$ 0	\$ 0	\$ 0
Transfers In	0	0	253,926	0	0	1,590	0	0	0
Transfers Out	0	0	0	0	0	(156,421)	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 258,067</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (154,412)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<i>Excess (Deficiency) of Revenue Collected</i>									
<i>Over Expenditures Paid and Other Financing</i>									
<i>Sources (Uses)</i>	<u>\$ (4,573,862)</u>	<u>\$ (4,573,861)</u>	<u>\$ (2,834,273)</u>	<u>\$ (1,688,642)</u>	<u>\$ (1,688,642)</u>	<u>\$ (1,071,431)</u>	<u>\$ (5,956,019)</u>	<u>\$ (5,956,019)</u>	<u>\$ (518,748)</u>
<i>Fund Balance - Beginning of Year</i>	<u>4,573,862</u>	<u>4,573,862</u>	<u>4,573,862</u>	<u>1,688,642</u>	<u>1,688,642</u>	<u>1,688,642</u>	<u>5,956,019</u>	<u>5,956,019</u>	<u>5,956,019</u>
<i>Fund Balance - End of Year</i>	<u>\$ (0)</u>	<u>\$ (0)</u>	<u>\$ 1,739,589</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 617,211</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,437,271</u>

The notes to the financial statements are an integral part of this statement.

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of the Mustang Public Schools Independent District No. 69, Canadian County, Oklahoma (the "District") have been prepared in conformity with an other comprehensive basis of accounting as prescribed by the Oklahoma State Department of Education. The more significant of the District's accounting policies are described below.

1.A. Reporting Entity

The District is a corporate body for public purposes created under Title 70 of the Oklahoma Statutes and accordingly is a separate entity for operating and financial reporting purposes.

The District is part of the public school system of Oklahoma under the general direction and control of the State Board of Education and is financially dependent on the State of Oklahoma support. The general operating authority for the public school system is the Oklahoma School Code contained in Title 70, Oklahoma Statutes.

The governing body of the District is the Board of Education composed of elected members. The appointed superintendent is the executive officer of the District.

In evaluating how to define the District, for financial reporting purposes, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made by applying the criteria established by the Governmental Accounting Standards Board (GASB). The basic, but not the only, criterion for including a potential component unit within the reporting entity is the governing body's ability to exercise oversight responsibility. The most significant manifestation of this ability is financial interdependency. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of governing authority, the designation of management, the ability to significantly influence operations, and accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and /or its citizens, or whether the activity is conducted within the geographic boundaries of the District and is generally available to its patrons. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units included in the District's reporting entity. The District has various supporting groups. However, the District does not appoint any of the board members or exercise any oversight authority over these groups and the dollar amounts are not material to the District.

1.B. Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain district functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, Governmental Fund Types, (continued)

Governmental Fund Types

Governmental funds are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general long-term debt (debt service funds).

1. General Fund - The General Fund is used to account for all financial transactions except those required to be accounted for in another fund. Major revenues sources include state and local property taxes and state funding under the Foundation and Incentive Aid Program.

Expenditures include all costs associated with the daily operations of the schools except for programs funded for building repairs and maintenance, school construction and debt service on bonds and other long-term debt. The general fund includes federal and state restricted monies that must be expended for specific programs.

2. Special Revenue Funds - The Special Revenue Funds of the District consist of the Building Fund, Child Nutrition Fund, and the OCMAPS Fund.

Building Fund - The Building Fund consists of monies derived from property taxes levied for the purpose of erecting, remodeling, or repairing buildings and for purchasing furniture and equipment.

Child Nutrition Fund - The Child Nutrition Fund consists of monies collected from meals served to students and employees of the district and is expended on food, supplies and salaries to operate the lunchroom. The district also deposits reimbursements received from the National School Lunch and Breakfast programs into this fund.

OCMAPS Fund - The OCMAPS Fund (Oklahoma City Metropolitan Area Public School) consists of monies collected from a limited purpose excise tax earmarked for certain public school or public school facilities expenditures on November 13, 2001. The funds may be expended for providing for improving public school or public school facilities attended by City-resident students by any one or more of the following expenditures: Funding the erection or purchase and complete or partial furnishing and equipping of a public school building, repairs or an existing public school building, furniture or fixtures, improvements, transportation equipment and other equipment.

3. Debt Service Fund - The debt service fund is the District's Sinking Fund and is used to account for the accumulation of financial resources for the payment of general long-term debt principal, interest and related costs. The primary revenue sources are local property taxes levied specifically for debt service and interest earnings from temporary investments.

4. Capital Projects Fund - The capital projects fund consists of the District's building and transportation bond issues. These funds are used to account for the proceeds of bond sales to be used exclusively for acquiring school sites, constructing and equipping new school facilities, renovating exiting facilities and purchasing transportation equipment.

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies, (continued)

1.B. Fund Accounting, (continued)

Fiduciary Fund Types

Fiduciary Funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the District. When these assets are held under the terms of a formal trust agreement, trust funds are used for their accounting and reporting. Agency funds generally are used to account for assets that the District holds on behalf of others as their agent and do not involve measurement of results of operations.

1. Agency Funds - The Agency Fund is the School Activities fund, which is used to account for monies, collected principally through fundraising efforts of the students and District-sponsored groups. The administration is responsible, under the authority of the Board, of collecting, disbursing and accounting for these activity funds.

Account Groups

Account groups are not funds and consist of a self-balancing set of accounts used only to establish accounting control over long-term debt and general fixed assets not accounted for in proprietary funds.

1. General long-term Debt Account Group - This account group is used to account for all long-term debt of the District, which is offset by the amount available in the debt service fund and the amount to be provided in future years to complete retirement of the debt principal. It is also used to account for liabilities for compensated absences and early retirement incentives, which are to be paid from funds provided in future years.

2. General Fixed Asset Account Group - This account group is used to account for property, plant and equipment of the District. The District does not have the information necessary to include this group in its combined financial statements.

Memorandum Only - Total Column

The total column on the general purpose financial statements is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

1.C. Basis of Accounting and Presentation

The District prepares its financial statements in a presentation format that is prescribed by the Oklahoma State Department of Education. This format is essentially the generally accepted form of presentation used by state and local governments prior to the effective date of GASB 34, *Basic Financial Statements-Management's Discussion and Analysis-for State and Local Governments*. This format significantly differs from that required by GASB 34.

The basic financial statements are essentially prepared on a basis of cash receipts and disbursements modified as required by the regulations of the Oklahoma State Department of Education (OSDE) as follows:

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies, (continued)

1.C. Basis of Accounting and Presentation, (continued)

- Encumbrances represented by purchase orders, contracts, and other commitments for the expenditure of monies and are recorded as expenditures when approved.
- Investments and inventories are recorded as assets when purchased.
- Capital assets in proprietary funds are recorded when acquired and depreciated over their useful lives.
- Warrants payable are recorded as liabilities when issued.
- Long-term debt is recorded when incurred.
- Accrued compensated absences are recorded as an expenditure and liability when the obligation is incurred.

This regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, which require revenues to be recognized when they become available and measurable, or when they are earned, and expenditures or expenses to be recognized when the related liabilities are incurred for governmental fund types; and, when revenues are earned and liabilities are incurred for proprietary fund types and trust funds.

1.D. Budgets and Budgetary Accounting

The District is required by state law to prepare an annual budget. The board of education requests an initial temporary appropriations budget from the county excise board before June 30. Then no later than October 1, the board of education prepares financial statement and estimate of needs and files it with the applicable county clerk and the State Department of Education. The final budget may be revised upon approval of the board of education and the county excise board.

Under current Oklahoma Statutes, a formal budget is required for all funds except for trust and agency funds. Budgets are presented for all funds that include the originally approved budgeted appropriations for expenditures and final budgeted appropriations as adjusted for supplemental appropriations and approved transfers between budget categories.

1.E. Assets, Liabilities and Fund Equity

Cash and Cash Equivalents – For purposes of the statement of cash flows, the District considers all cash on hand, demand deposits, and highly liquid investments, with an original maturity of three months or less when purchased, to be cash and cash equivalents.

Investments - Investments consist of direct obligations of the United States government and agencies with maturities greater than three months when purchased. All investments are records at cost, which approximated market value.

Property Tax Revenues – The District is authorized by state law to levy property taxes, which consist of ad valorem taxes on real and personal property within the District. The County Assessor, upon receipt of the certification of tax levies from the county excise board, extends the tax levies on the tax roll for submission to the county treasurer prior to October 1. The county treasurer must commence tax collection within fifteen days of receipt of the tax rolls. The first half of taxes are due prior to January 1. The second half is due prior to April 1.

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

If the first payment is not made timely, the entire tax becomes due and payable on January 2. Second half taxes become delinquent on April 1 of the year following the year of assessment. If not paid by the following October 1, the property is offered for sale for the amount of taxes due. The owner has two years to redeem the property by paying the taxes and penalty owed. If at the end of two years the owner has not done so, the purchaser is issued a deed to the property.

Inventories – The value of consumable inventories at June 30, 2014, is not material to the basic financial statements.

Fixed Assets and Property, Plant and Equipment - The General Fixed Asset Account Group has not been presented.

Compensated Absences - Vested or accumulated vacation leave that is expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. There are no amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable available financial resources. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

No liability is recorded for nonvesting accumulating rights to receive sick pay benefits. The District does not pay for unused sick leave upon retirement and, therefore, no amount has been reported in the general long-term debt account group.

Long-Term Debt – Long-term debt is recognized as a liability of a governmental fund when due or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Fund Balance - In the fund financial statements, governmental funds report the hierarchy of fund balances. The hierarchy is based primarily on the degree of spending constraints placed upon use of resources for specific purposes versus availability of appropriation. An important distinction that is made in reporting fund balance is between amounts that are considered *nonspendable* (i.e., fund balance associated with assets that are *not in spendable form*, such as inventories or prepaid items, long-term portions of loans and notes receivable, or items that are legally required to be maintained intact (such as the corpus of a permanent fund) and those that are spendable (such as fund balance associated with cash, investments or receivables).

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 1 - Summary of Significant Accounting Policies, (continued)

1.E. Assets, Liabilities and Fund Equity, (continued)

Amounts in the *spendable* fund balance category are further classified as *restricted*, *committed*, *assigned* or *unassigned*, as appropriate.

Restricted fund balance represents amounts that are constrained either externally by creditors (such as debt covenants), grantors, contributors or laws or regulations of other governments; or by law, through constitutional provisions or enabling legislation.

Committed fund balance represents amounts that are useable only for specific purposes by formal action of the government's highest level of decision-making authority. Such amounts are not subject to legal enforceability (like restricted amounts), but cannot be used for any other purpose unless the government removes or changes the limitation by taking action similar to that which imposed the commitment.

Assigned fund balance represents amounts that are intended to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by the governing body itself, or a subordinated high-level body or official who the governing body has delegated the authority to assign amounts to be used for specific purposes. Assigned fund balances includes all remaining spendable amounts (except negative balances) that are reported in governmental funds other than the general fund, that are neither restricted nor committed, and amounts in the general fund that are intended to be used for specific purpose in accordance with the provisions of the standard.

Unassigned fund balance is the residual classification for the general fund. It represents the amounts that have not been assigned to other funds, and that have not been restricted, committed, or assigned to specific purposes within the general fund.

1.F. Revenue, Expenses, and Expenditures

State Sources - Revenues from state sources for current operations are primarily governed by the state aid formula under provisions of Article XVIII, Title 70, Oklahoma Statutes. The State Board of Education administers the allocation of the state aid funds to school districts based on information accumulated from the districts.

After review and verification of reports and supporting documentation, the State Department of Education may adjust subsequent fiscal period allocations of money for prior year errors disclosed by review. Normally, such adjustments are treated as reductions or additions of revenue of the year when the adjustment is made.

The District receives revenue from the state to administer certain categorical education programs. The State Board of Education rules require that revenue earmarked for these programs be expended only for the program for which the money is provided. These rules also require that the money not expended as of the close of the fiscal year be carried forward into the following year to be expended for the same categorical programs. The State Department of Education requires that categorical educational program revenues be accounted for in the general fund.

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

1.F. Revenue, Expenses, and Expenditures, (continued)

Interfund Transactions - Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Transfers in/transfers out may not agree because activity fund transactions are not included.

Note 2 – Deposit and Investment Risk

The District held the following deposits and investments at June 30, 2014:

			Carrying Value
Deposits			
Demand Deposits		\$	32,856,570
Time Deposits			2,464,000
Total Deposits		\$	<u>35,320,570</u>
Investments			
	<u>Credit Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
			\$ 0
Total Investments			\$ 0
Reconciliation to the Combined Statement of Assets, Liabilities and Equity			
Cash and Cash Equivalents		\$	35,294,002
Activity Fund Outstanding Checks			26,568
Total Deposits and Investments		\$	<u>35,320,570</u>

Custodial Credit Risk – Exposure to custodial credit related to deposits exists when the District holds deposits that are uninsured and uncollateralized; collateralized with securities held by the pledging financial institution, or by its trust department or agent but not in the District's name; or collateralized without a written or approved collateral agreement. Exposure to custodial credit risk related to investments exists when the District holds investments that are uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

The District's policy as it relates to custodial credit risk is to secure its uninsured deposits with collateral, valued at no more than market value, at least at a level of 100 percent of the uninsured deposits and accrued interest thereon. The investment policy and state law also limits acceptable collateral to U.S. Treasury and agency securities and direct debt obligations of the state, municipalities, counties, and school districts in the state of Oklahoma, surety bonds, and letters of credit. As required by Federal 12 U.S.C.A., Section 1823(e), all financial institutions pledging collateral to the District must have a written collateral agreement approved by the board of directors or loan committee.

At June 30, 2014, the District was not exposed to custodial credit risk as defined above.

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 2 – Deposit and Investment Risk, (continued)

Investment Credit Risk – The District has no investment policy that limits its investment choices other than the limitations of state law that generally authorize investment in:

1. Direct obligations of the U.S. Government, its agencies and instrumentalities to which the full faith and credit of the U.S. Government is pledged, or obligations to the payment of which the full faith and credit of the State is pledged.
2. Certificates of deposit of banks when such certificates of deposits are secured by acceptable collateral for the deposit of public monies..
3. Savings accounts or saving certificates to the extent that such accounts or certificates are fully insured by the United States Government.
4. Repurchase agreements that have underlying collateral including obligations of the United States government, its agencies and instrumentalities, or the State of Oklahoma.
5. County, municipal or school district debt obligations for which an ad valorem tax may be levied.
6. Money market funds regulated by the SEC and in which investments consist of the investments consist of obligations of the United States, its agencies and instrumentalities.
7. Warrants, bonds or judgments of the school district.
8. Qualified pooled investment programs through an interlocal cooperative agreement formed pursuant to applicable law and to which the board of education has voted to be a member, the investments of which consist of those items specified in paragraphs 1 through 7 above, as well as obligations of the United States agencies and instrumentalities.
9. Any other investment that is authorized by law.

Investment credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The District has no formal policy limiting investments based on credit rating, but discloses any such credit risk associated with their investment by reporting the credit quality ratings of investment in debt securities as determined by nationally recognized statistical rating organizations-rating agencies-as of the year end. Unless there is information to the contrary, obligations of the U.S. government or obligations explicitly guaranteed by the U.S. government are not considered to have credit risk and do not require disclosure of credit quality.

The district had no investment credit risk as of June 30, 2014, as defined above.

Investment Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The District discloses its exposure to interest rate risk by disclosing the maturity dates of its various investments. The District had no investment interest rate risk as defined above.

Concentration of Investment Credit Risk – Exposure to concentration of credit risk is considered to exist when investments in any one issuer represent a significant percent of total investments of the District (any over 5 percent are disclosed). Investments issued or explicitly guaranteed by the U.S. government and investments in mutual funds, external investment pools, and other pooled investments are excluded from this consideration. The District places no limit on the amount it may invest in any one issuer.

At June 30, 2014, the District had no concentration of credit risk as defined above.

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 3 - General Long-term Debt

State statutes prohibit the District from becoming indebted in an amount exceeding the revenue to be received for any fiscal year without approval by the District's voters. Bond issues have been approved by the voters and issued by the District for various capital improvements and transportation purposes. These bonds are required to be fully paid serially within 25 years from the date of issue.

General long-term debt of the District consists of bonds payable, and capital leases. Debt service requirements for bonds are payable solely from the fund balance and future revenues of the debt service fund.

The following is a summary of the long-term debt transactions of the District for the year ended June 30, 2014:

	Bonds Payable	Capital Lease Obligations	Compensated Absences	Total
Balance July 1, 2013	\$ 33,170,000	\$ 17,817,378	\$ 1,986,760	\$ 52,974,138
Additions	16,225,000	64,195,000	129,274	80,549,274
Retirements	-9,945,000	-5,961,409	0	-15,906,409
Balance, June 30, 2014	<u>\$ 39,450,000</u>	<u>\$ 76,050,969</u>	<u>\$ 2,116,034</u>	<u>\$ 117,617,003</u>

A brief description of the outstanding general obligation bond issues at June 30, 2014, is set forth below:

	Interest Rate	Maturity Date	Amount Issued	Amount Outstanding
2014 Combined Purpose Bond	1.5-2.00%	June 1, 2019	\$ 16,225,000	\$ 16,225,000
2013 Combined Purpose Bond	1.00%	June 1, 2018	8,210,000	8,210,000
2012 Combined Purpose 2009 Auth.	1.25-2.0%	June 2, 2017	11,425,000	8,570,000
2011 Combined Purpose	1.1-2.0%	June 1, 2016	6,825,000	3,415,000
2010 Combined Purpose	1.45 to 2.00%	June 1, 2015	12,120,000	3,030,000
Totals			\$ 54,805,000	\$ 39,450,000

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 3 - General Long-term Debt, (continued)

Presented below is a summary of debt service requirements to maturity by years and by each bond issue:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014 Combined Purpose Bonds			
2014-15	\$ 0	\$ 283,950	\$ 283,950
2015-16	4,055,000	283,950	4,338,950
2016-17	4,055,000	223,125	4,278,125
2017-18	4,055,000	162,300	4,217,300
2018-19	4,060,000	81,200	4,141,200
Sub Total	<u>\$ 16,225,000</u>	<u>\$ 1,034,525</u>	<u>\$ 17,259,525</u>
2013 Combined Purpose Bonds			
2014-15	\$ 2,050,000	\$ 82,100	\$ 2,132,100
2015-16	2,050,000	61,600	2,111,600
2016-17	2,050,000	41,100	2,091,100
Sub Total	<u>\$ 2,060,000</u>	<u>\$ 20,600</u>	<u>\$ 2,080,600</u>
2012 Combined Purpose Bonds-(2009 Authority)			
2014-15	\$ 2,855,000	\$ 135,713	\$ 2,990,713
2015-16	2,855,000	100,025	2,955,025
2016-17	2,860,000	57,200	2,917,200
Sub Total	<u>\$ 8,570,000</u>	<u>\$ 292,938</u>	<u>\$ 8,862,938</u>
2011 Combined Purpose Bonds			
2014-15	\$ 1,705,000	\$ 56,355	\$ 1,761,355
2015-16	1,710,000	30,780	1,740,780
Sub Total	<u>\$ 3,415,000</u>	<u>\$ 87,135</u>	<u>\$ 3,502,135</u>
2010 Combined Purpose Bonds			
2014-2015	\$ 3,030,000	\$ 60,600	\$ 3,090,600
Sub Total	<u>\$ 3,030,000</u>	<u>\$ 60,600</u>	<u>\$ 3,090,600</u>
Total Bonds	<u>\$ 39,450,000</u>	<u>\$ 1,680,598</u>	<u>\$ 41,130,598</u>

Interest expense on bonds payable during the current year totaled \$482,735.

The District has entered into lease agreements as lessee for financing building construction and copiers. These lease agreements qualify as capital leases for accounting purposes since title transfers at the end of the lease terms and they have been recorded at the present value of the future minimum lease payments. These leases contain a clause which gives the District the ability to terminate the lease agreements at the end of each fiscal year.

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 3 - General Long-term Debt (continued)

As noted in Note 1 to the financial statements, the District does not record fixed assets in the financial statements. Consistent with this, the District has not recorded the above assets as assets in the General Fixed Assets Account Group. The District has recorded the liability for future lease payments in the general long-term debt account group for the above lease. The schedule of future minimum lease payments under the capital leases and the present value of the net minimum lease payments at June 30, is as follows:

Year Ending June 30	5th & 6th Grade		Building		Total
	Building Construction	Copiers	Construction		
2015	\$ 1,420,000	\$ 103,806	\$ 5,280,000	\$	6,803,806
2016	45,000	103,806	8,330,000		8,478,806
2017	3,625,000	25,952	0		3,650,952
	7,985,000				7,985,000
	5,625,000				5,625,000
	6,270,000				6,270,000
	10,060,000				10,060,000
	6,955,000				6,955,000
	11,000,000				11,000,000
	9,250,000				9,250,000
Total	\$ 62,235,000	\$ 233,564	\$ 13,610,000	\$	76,078,564
Less: Amounts Representing Interest		0	-27,595	0	-27,595
Present Value of Future Minimum Lease Payments	\$ 62,235,000	\$ 205,969	\$ 13,610,000	\$	76,050,969

Compensated Absences

The District will pay \$50.00 per day for unused sick leave of an employee who retires or terminates employment up to a maximum of 100 days. Also, unused vacation leave will be compensated to support employees who retire or terminate employment at the employees daily rate of pay up to a maximum of 30 days. The districts liability for compensated absences as of June 30, 2014 is \$2,116,034.

Prepaid Judgments

A lawsuit was filed by Nano Pac., Inc. court case #SC-2010-1163, Canadian County, Oklahoma. The Plaintiff was awarded \$2,595 and the district prepaid this amount. The final levy was made and reimbursed during the 2013-14 year..

A lawsuit was filed by Charlotte McClendon, court case #SC-2010-1162, Canadian County, Oklahoma. The plaintiff was awarded \$831.67 and the district prepaid this amount. The final levy was made and reimbursed during the 2013-14 year.

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 4 - Employee Retirement System

Plan Description - The District participates in the state-administered Oklahoma Teachers' Retirement System (the "System") which is a cost-sharing multiple-employer defined benefit Public Employee Retirement System (PERS). The administration, benefits, and funding of the System are governed by Article XVII, Section 70 of the Oklahoma Statutes. The System is administered by a board of trustees which acts as a fiduciary for investing the funds and governing the administration of the System. PERS provides retirement, disability and death benefits to plan members and beneficiaries. The district has no responsibility or authority for the operation and administration of the System nor has it any liability, except for the current contribution requirements.

The System issues a publicly available financial report that includes financial statements and required supplementary information that can be obtained in writing at the Teachers' Retirement System of Oklahoma, P.O. Box 53524, Oklahoma City, Ok 73152 or by calling (405) 521-2387.

Funding Policy - Under the System, contributions are made by the District, the State of Oklahoma, and the participating employees. Participation is required for all teachers and other certified employees and is optional for all other regular employees of public education institutions who work at least 20 hours per week.

The contribution rates for the District and its employees, which are not actuarially determined, are established by statute and applied to the employee's earnings, plus employer-paid fringe benefits. The District is required by statute to contribute 9.50% of applicable compensation for the year ended June 30, 2014. The District is allowed by the Oklahoma Teacher's Retirement System to make the required contributions on behalf of the participating members. The required contribution for participating members is 7%.

The District's contributions to the System for the years ending June 30, 2014, 2013, and 2012 were \$3,646,471, \$2,920,864, and \$3,149,486, respectively.

The compensation for employees covered by the System for the year ended June 30, 2014 was \$38,107,598; the District's total compensation was \$48,652,084. In addition to the District's 9.50% contributions, the District was required to pay into the System 8.25% of compensation arising from federal grants \$119,436. There were \$2,239,407 contributions made by employees during the year ended June 30, 2014.

The pension benefit obligation is a standardized disclosure measure of the present value of pension benefits. This pension valuation method reflects the present value of estimated pension benefits that will be paid in future years as a result of employee services performed to date and is adjusted for the effect of projected salary increases. There are no actuarial valuations performed on individual school districts. The nonfunded pension benefit obligation of the System as determined as part of the latest actuarial valuation dated June 30, 2013, is as follows:

Total pension obligation	\$ 18,973,166,739
Net assets available for benefits, at cost	<u>10,861,057,537</u>
Nonfunded pension benefit obligation	<u>\$ 8,112,109,202</u>

The System's accounting records are maintained on the cash basis of accounting, except for accruals of interest income.

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 4 - Employee Retirement System, (continued)

Ten-year historical trend information is presented in the Teacher's Retirement System of Oklahoma Annual Report for the year ended June 30, 2013. This information is useful in assessing the pension plan's accumulation of sufficient assets to pay pension benefits as they come due.

Note 5 - Contingencies

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agency. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the District expects such amounts, if any, to be immaterial.

Note 6 – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; or acts of God. The District purchases commercial insurance to cover these risks, including general and auto liability, property damage, and public officials liability. The District had the following insurance coverage during the year: Commercial property - \$223,479,688; general liability - \$1,000,000; and educators liability \$1,000,000. Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

The School also participates in a risk pool for Workers' Compensation coverage in which there is a transfer or pooling of risks among the participants of that pool. In accordance with GASB No. 10, the school reports the required contribution to the pool, net of refunds, as insurance expense. The risk pool is the Oklahoma School Assurance Group (OSAG), an organization formed for the purpose of providing workers' compensation coverage to participating schools in the State of Oklahoma. In that capacity, OSAG is responsible for providing loss control services and certain fiscal activities, including obtaining contract arrangements for the underwriting, excess insurance agreements, claims processing, and legal defense for any and all claims submitted to them during the plan year. As a member of OSAG the District is required to pay fees set by OSAG according to an established payment schedule. A portion of the fees paid by the District goes into a loss fund for the District. The fee for the loss fund is calculated by projecting losses based on the schools losses for the last five year. OSAG provides coverage in excess of the Loss Fund so the District's liability for claim loss is limited to the balance of the loss fund. If the District does not use their loss fund in three years it is returned to them with no interest.

Note 7 - Use of Estimates

The preparation of financial statements in conformity with the cash basis and budget laws of the Oklahoma State Department of Education requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Mustang ISD No. 69, Canadian County
Notes To The Financial Statements
For The Year Ended June 30, 2014

Note 8 – Surety Bonds

The District has an employee schedule bond number 1597462 with the Ohio Casualty Insurance Company that covers listed employees for separate dollar amounts. The bond is for the term July 1, 2013 to June 30, 2014 and covers the following penal sums:

Finance Manager	\$1,000,000
Treasurer	1,000,000
Activity Fund Custodian	10,000
Encumbrance Clerk	10,000
Minutes Clerk	10,000
Assistant Encumbrance Clerk	10,000
Superintendent	100,000

Note 9 - Budget Amendment

The general fund budget was amended one time during the year by filing a supplemental appropriation form with the county clerk's office. The supplemental appropriation form was filed June 27, 2014 in the amount of \$6,096,420. This increased the original general fund budget from \$55,252,056. to \$61,348,476.

OTHER SUPPLEMENTAL INFORMATION

Mustang School District No.1-069, Canadian County, Oklahoma
Combining Statement of Assets, Liabilities and Fund Balances
Regulatory Basis - All Special Revenue Funds
For the Year Ending June 30, 2014

	Building Fund	Child Nutrition Fund	MAPS Fund	Total June 30, 2014
<u>ASSETS</u>				
Cash and Cash Equivalents	\$ 366,301	\$ 619,774	\$ 76,530	\$ 1,062,605
Investments	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Total Assets</i>	<u>\$ 366,301</u>	<u>\$ 619,774</u>	<u>\$ 76,530</u>	<u>\$ 1,062,605</u>
<u>LIABILITIES AND FUND BALANCE</u>				
Liabilities:				
Warrants Payable	\$ 67,532	\$ 316,862	\$ 780	\$ 385,174
Reserve for Encumbrances	<u>6,887</u>	<u>53,333</u>	<u>0</u>	<u>60,220</u>
<i>Total Liabilities</i>	<u>\$ 74,419</u>	<u>\$ 370,196</u>	<u>\$ 780</u>	<u>\$ 445,394</u>
Fund Balances:				
Restricted	<u>\$ 291,882</u>	<u>\$ 249,579</u>	<u>\$ 75,750</u>	<u>\$ 617,211</u>
<i>Total Fund Balances</i>	<u>\$ 291,882</u>	<u>\$ 249,579</u>	<u>\$ 75,750</u>	<u>\$ 617,211</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 366,301</u>	<u>\$ 619,774</u>	<u>\$ 76,530</u>	<u>\$ 1,062,605</u>

Mustang School District No.1-069, Canadian County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Regulatory Basis - Special Revenue Funds
For the Year Ending June 30, 2014

	Building Fund	Child Nutrition Fund	MAPS Fund	Total June 30, 2014
Revenue Collected:				
Local Sources	\$ 2,010,250	\$ 2,008,071	\$ 500,039	\$ 4,518,361
Intermediate Sources	0	0	0	0
State Sources	0	313,996	0	313,996
Federal Sources	0	1,487,158	0	1,487,158
Non-Revenue Receipts	9,181	3,160	0	12,342
<i>Total Revenue Collected</i>	<u>\$ 2,019,432</u>	<u>\$ 3,812,386</u>	<u>\$ 500,039</u>	<u>\$ 6,331,856</u>
Expenditures Paid:				
Instruction	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	2,782,307	0	780	2,783,087
Operation of Non-Instructional Services	0	4,033,010	0	4,033,010
Facilities Acquisition and Construction	80,000	0	343,985	423,985
Other Outlays	9,181	3,160	0	12,341
Other Uses	0	0	0	0
Repayments	0	0	79,523	79,523
Interest Paid and Bank Charges	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 2,871,488</u>	<u>\$ 4,036,170</u>	<u>\$ 424,289</u>	<u>\$ 7,331,947</u>
<i>Excess of Revenues Collected Over (Under) Expenditures Paid Before Adjustments to Prior Year Encumbrances</i>	<u>\$ (852,056)</u>	<u>\$ (223,784)</u>	<u>\$ 75,750</u>	<u>\$ (1,000,090)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 48,324</u>	<u>\$ 34,748</u>	<u>\$ 0</u>	<u>\$ 83,072</u>
Other Financing Sources (Uses):				
Estopped Warrants	\$ 0	\$ 418	\$ 0	\$ 418
Transfers In	0	1,590	0	1,590
Transfers Out	0	(156,421)	0	(156,421)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ (154,412)</u>	<u>\$ 0</u>	<u>\$ (154,412)</u>
<i>Excess (Deficiency) of Revenue Collected Over Expenditures Paid and Other Financing Sources (Uses)</i>	<u>\$ (803,733)</u>	<u>\$ (343,448)</u>	<u>\$ 75,750</u>	<u>\$ (1,071,431)</u>
<i>Fund Balance - Beginning of Year</i>	<u>1,095,615</u>	<u>593,027</u>	<u>0</u>	<u>1,688,642</u>
<i>Fund Balance - End of Year</i>	<u>\$ 291,882</u>	<u>\$ 249,579</u>	<u>\$ 75,750</u>	<u>\$ 617,211</u>

Mustang School District No.I-069, Canadian County, Oklahoma
Combining Statement of Revenues Collected, Expenditures Paid and Changes in Fund Balances
Special Revenue Funds - Budget and Actual
For the Year Ending June 30, 2014

	Building Fund			MAPS Fund			Child Nutrition Fund		
	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual	Original Budget	Final Budget	Actual
Revenue Collected:									
Local Sources	\$ 1,829,421	\$ 1,829,421	\$ 2,010,250	\$ 694,488	\$ 694,488	\$ 500,039	\$ 1,962,500	\$ 1,962,500	\$ 2,008,071
Intermediate Sources	0	0	0	0	0	0	0	0	0
State Sources	0	0	0	0	0	0	269,787	269,787	313,996
Federal Sources	0	0	0	0	0	0	1,350,000	1,350,000	1,487,158
Non-Revenue Receipts	0	0	9,181	0	0	0	0	0	3,160
<i>Total Revenue Collected</i>	<u>\$ 1,829,421</u>	<u>\$ 1,829,421</u>	<u>\$ 2,019,432</u>	<u>\$ 694,488</u>	<u>\$ 694,488</u>	<u>\$ 500,039</u>	<u>\$ 3,582,287</u>	<u>\$ 3,582,287</u>	<u>\$ 3,812,386</u>
Expenditures Paid:									
Instruction	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Support Services	2,925,036	2,925,036	2,782,307	0	0	780	0	0	0
Operation of Non-Instructional Services	0	0	0	0	0	0	4,175,313	4,175,313	4,033,010
Facilities Acquisition and Construction	0	0	80,000	694,488	694,488	343,985	0	0	0
Other Outlays	0	0	9,181	0	0	0	0	0	3,160
Other Uses	0	0	0	0	0	0	0	0	0
Repayments	0	0	0	0	0	79,523	0	0	0
Interest Paid	0	0	0	0	0	0	0	0	0
<i>Total Expenditures Paid</i>	<u>\$ 2,925,036</u>	<u>\$ 2,925,036</u>	<u>\$ 2,871,488</u>	<u>\$ 694,488</u>	<u>\$ 694,488</u>	<u>\$ 424,289</u>	<u>\$ 4,175,313</u>	<u>\$ 4,175,313</u>	<u>\$ 4,036,170</u>
<i>Excess of Revenues Collected Over (Under)</i>									
<i>Expenditures Paid Before Adjustments to</i>									
<i>Prior Year Encumbrances</i>	<u>\$ (1,095,615)</u>	<u>\$ (1,095,615)</u>	<u>\$ (852,056)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 75,750</u>	<u>\$ (593,027)</u>	<u>\$ (593,027)</u>	<u>\$ (223,784)</u>
Adjustments to Prior Year Encumbrances	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 48,324</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 34,748</u>
Other Financing Sources (Uses):									
Estopped Warrants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 418
Transfers In	0	0	0	0	0	0	0	0	1,590
Transfers Out	0	0	0	0	0	0	0	0	(156,421)
<i>Total Other Financing Sources (Uses)</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (154,412)</u>
<i>Excess (Deficiency) of Revenue Collected</i>									
<i>Over Expenditures Paid and Other Financing</i>									
<i>Sources (Uses)</i>	<u>\$ (1,095,615)</u>	<u>\$ (1,095,615)</u>	<u>\$ (803,733)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 75,750</u>	<u>\$ (593,027)</u>	<u>\$ (593,027)</u>	<u>\$ (343,448)</u>
<i>Fund Balance - Beginning of Year</i>	<u>1,095,615</u>	<u>1,095,615</u>	<u>1,095,615</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>593,027</u>	<u>593,027</u>	<u>593,027</u>
<i>Fund Balance - End of Year</i>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 291,882</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 75,750</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 249,579</u>

Mustang School District No.1-069, Canadian County, Oklahoma
Combining Assets, Liabilities and Fund Equity
Activity Fund - Regulatory Basis
For the Year Ending June 30, 2014

<u>ASSETS</u>	<u>School Activity Fund</u>
Cash	\$ 1,086,705
Investments	<u>0</u>
<i>Total Assets</i>	<u>\$ 1,086,705</u>
 <u>LIABILITIES AND FUND EQUITY</u>	
Liabilities:	
Due To Activity Groups	\$ <u>1,086,705</u>
<i>Total Liabilities</i>	<u>\$ 1,086,705</u>
Fund Equity:	
Unreserved/Undesignated	\$ <u>0</u>
<i>Total Liabilities and Fund Equity</i>	<u>\$ 1,086,705</u>

Mustang School District No.I-069, Canadian County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2014

ACTIVITIES	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Industrial Arts	\$ 542	\$ 1,369	\$ 1,363	\$ 547
Annual - H.S.	19,205	48,303	45,021	22,486
High School Athletics	77,366	177,329	206,552	48,143
Band - H.S.	33,056	204,795	226,072	11,779
Boys Basketball-H.S.	17,645	39,064	31,726	24,983
Boys Soccer-H.S.	16,134	20,183	23,873	12,443
Centennial Counseling	0	5,173	3,585	1,588
Centennial Media	4,252	28,872	26,990	6,135
D.A.R.E.	447	321	293	474
Mustang Elementary	5,471	22,011	14,889	12,593
Enrichment Organization	7,693	10	0	7,703
Art	7,025	2,869	6,543	3,351
Centennial Music	0	415	0	415
FFA-H.S.	24,206	71,235	70,390	25,051
FCCLA-H.S.	1,309	3,521	3,468	1,363
French Club-H.S.	1,369	1,598	2,815	151
Freshman Cheer - H.S.	475	0	370	105
High School General	60,944	114,925	64,848	111,021
Girls Basketball-H.S.	6,473	8,364	11,419	3,417
Girls Track - H.S.	1,486	2	963	524
Girls Volleyball-H.S.	1,172	2	1,000	174
Golf-HS	545	501	674	372
Lakehoma Elementary	30,087	27,406	20,269	37,223
Centennial Art	61	2,187	690	1,558
Media-HS	4,964	1,123	459	5,628
Media-MS	1,045	1,174	1,063	1,156
Media-North MS	11,738	12,791	13,287	11,243
Key Club HS	829	1,773	1,571	1,032
Athletics-MS	60,617	65,365	59,922	66,061
Band - M.S.	6,148	21,613	20,604	7,157
Cheer-MS	1,528	1,185	1,606	1,107
FCA-MS	2,461	407	103	2,764
Middle School	14,507	21,893	20,039	16,362
Skills For Living-MS	395	0	0	396
Pep Club-MS	780	1	0	781
Science Club	62	245	29	279
Cheer-North MS	95	556	0	651
Student Council-MS	1,483	1,083	1,425	1,141
Vocal Music-MS	13,221	14,640	17,332	10,530
Yearbook-MS	9,202	7,094	7,857	8,439
Mustang Valley Elementary	22,573	58,463	52,757	28,279
National Honor Society-HS	1,331	4,008	2,706	2,633
Media -Creek	1,842	14,727	14,353	2,216
Athletics-North MS	37,960	34,748	44,238	28,470
Band-North MS	8,602	27,137	21,228	14,511
North Middle School	24,937	12,836	24,287	13,486
Sub Total Activities	\$ 543,281	\$ 1,083,317	\$ 1,068,679	\$ 557,919

Mustang School District No. I-069, Canadian County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2014

ACTIVITIES	Balance July 1, 2013	Additions	Deletions	Balance June 30, 2014
Pom-Pon-HS	\$ 3,056	\$ 660	\$ 623	\$ 3,094
Pep Club-North MS	1,061	1	0	1,062
Science Club-North MS	5,080	6	0	5,086
Speech Club-North MS	51	522	363	210
Student Council-North	640	237	0	877
Vocal Music-North MS	1,231	32,818	29,341	4,708
Yearbook-North MS	8,237	8,578	7,405	9,410
Jr. Class-HS	17,912	32,531	27,746	22,697
Science/Math-H.S.	581	3,030	3,065	546
Sr. Class-HS	56,417	41,217	34,308	63,326
Special Olympics	1,182	911	0	2,093
Drama Department/Club	10,005	8,882	9,751	9,136
Student Council-HS	931	46,281	39,506	7,706
Varsity Cheer-HS	11,691	19,306	22,996	8,001
Vocal Music-HS	3,839	16,529	15,820	4,548
Scholarship Fund	1,751	2,002	1,500	2,252
D.E.C.A. - H.S.	2,099	25,245	20,409	6,935
Baseball - H.S.	24,570	19,872	40,499	3,942
Sixth Grade-North M.S.	888	1	0	889
Administration	8,795	6,168	3,020	11,943
Media-Valley	13,261	6,416	4,307	15,370
Counseling Activities	628	3,445	2,889	1,183
Trails Elementary	14,726	20,878	26,241	9,363
Girls Softball-H.S.	1,072	5,125	4,723	1,474
Spanish Club-H.S.	639	4,750	5,371	18
Media-Mustang Trails	929	1,138	1,539	527
M.E.A.D. Mustang Elementary	1,875	3,063	1,966	2,972
Drug Free Club-Trails	1,205	3,586	2,874	1,917
9th Varsity Football	19,548	28,108	39,275	8,381
Gifted and Talented	1,107	1	349	760
Transportation	2,004	800	587	2,218
Creek Choir	372	366	333	405
Boys-Girls Tennis H.S.	1,100	1	929	173
L.E. Drug Free Leaders	2,554	2,336	2,290	2,600
Boys/Girls Cross Country	1,985	3,480	2,511	2,954
Girls Soccer-H.S.	4,740	9,211	9,548	4,403
Chisholm Trails	1,729	3,351	3,505	1,574
Builder's Club-MS	293	0	124	169
Builder's Club-North MS	2,139	109	87	2,161
Debate Club-HS	558	1	150	408
Mustang Creek Elementary	7,237	18,319	14,385	11,172
Media-LE	1,593	13,384	12,118	2,858
Renaissance-MS	1,087	1,461	2,158	390
Reading-MS	6,678	1,851	2,876	5,653
Renaissance-North MS	1,401	2	286	1,117
Renaissance-HS	5,573	7	3,207	2,372
Sub Total Activities	\$ 256,048	\$ 395,985	\$ 400,978	\$ 251,055

Mustang School District No. I-069, Canadian County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2014

<u>ACTIVITIES</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Special Life Skills-MS	\$ 1,430	\$ 777	\$ 663	\$ 1,544
Technology Student - MS	49	0	49	0
Academic Team-HS	1	0	1	0
Art Club-HS	846	7,620	6,684	1,782
Athletic Training-HS	8,986	6	7,922	1,070
Technology-North MS	444	0	410	34
Admin Use of Facility	666	28,791	666	28,791
P.A.S.S.-MEC	666	7,163	7,376	452
CRI Activity Account	0	13,924	5,932	7,992
Advanced Placement	10,897	23,862	24,190	10,569
Grounds Improvement	1,266	2	0	1,268
CRI Staff Account	0	5,062	3,304	1,759
HS Freshman F.C.C.L.A.	1,876	2	380	1,498
Outdoor Classroom-M	2,764	1,259	887	3,137
Golf-Norht MS	722	1	0	723
CRI Counseling Activity	0	952	556	397
Canyon Ridge Int Media	0	14,191	12,223	1,967
Canyon Ridge Vocal/Music	0	12,283	7,521	4,762
CRI Art	0	2,581	1,412	1,169
Canyon Ridge Int Athletics	0	7,711	2,863	4,848
Track/Cross Country-N	1,116	1	0	1,117
Creek/North Outdoor	323	0	0	323
Football-North MS	250	0	0	250
LE-5th Grade	2,187	0	2,187	0
Pre-Kindergarten-MEC	10,355	19,748	19,593	10,509
Mustang Education Center	1,822	0	1,822	0
Special Education -M.H.	360	383	112	632
Art Lakehoma	3,981	39	1,694	2,326
Musical-HS	5,726	17	400	5,343
Wrestling-HS	2	0	0	2
JROTC-HS	1,425	1,888	0	3,313
HS Athletic Dept. Staff	8,454	51,222	45,069	14,607
Canyon Ridge Int Reading	0	8,007	3,457	4,550
Mustang Elementary	3,661	4,043	4,045	3,660
Mustang Valley Staff	2,335	5,272	3,012	4,595
Mustang Lakehoma Staff	1,948	8,961	3,853	7,057
Mustang Trails Staff	3,676	8,707	8,428	3,955
Mustang Creek Staff	2,105	5,441	3,087	4,459
Mustang Middle School	10,222	5,532	4,057	11,698
MNMS Staff	1,210	2,396	1,305	2,300
High School Staff	29,332	5,093	17,080	17,344
Education Center Staff	1,448	5,181	2,841	3,787
Administration Staff	38,086	6,685	41,570	3,200
High School Tech Educ	618	3,062	2,510	1,170
High School Boys Track	514	1	146	369
HS-Business Prof. of America	1,042	7,677	5,398	3,321
Sub Total Activities	\$ 162,812	\$ 275,542	\$ 254,703	\$ 183,651

Mustang School District No. I-069, Canadian County, Oklahoma
Combining Statement of Changes in Assets and Liabilities
Regulatory Basis - Activity Fund
For the Year Ending June 30, 2014

<u>ACTIVITIES</u>	<u>Balance</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
Mustang Creek Counseling	\$ 3,476	\$ 2,153	\$ 2,776	\$ 2,853
MPS Special Needs	44	0	0	44
Mustang Creek Art	4,469	3,433	3,074	4,828
ECO Club High School	255	0	0	256
Lakehoma Music	564	1	149	415
Mustang Trails Art	6,101	3,077	2,906	6,272
Mustang Trails Honor	110	9,570	8,690	990
Centennial Elementary	19,221	26,929	23,314	22,835
Trails Special Ed.	438	1	0	438
Centennial Staff	1,135	4,042	1,300	3,877
Mustang Elem Art	3,794	25,535	19,797	9,532
Mustang Elem Media	5,374	14,557	14,344	5,587
Trails Reading Carnival	74	17,556	14,893	2,737
Trails Student Council	8,505	367	6,885	1,988
Mustang Trails PE Activity	1,444	5,080	4,822	1,702
H.S. Spanish Nat'l Honor	382	1,232	486	1,128
H.S. Mac Choir	819	1	0	820
H.S. Video Club	2,282	7,963	9,325	921
H.S. Swim Team	0	8,115	7,921	195
Creek Archery Club	394	0	0	395
Archery Club M.S.	4,904	1,192	3,907	2,189
Valley Student Council	1,291	3,868	2,729	2,429
Centennial Outdoor Club	0	21	0	21
Mustang Students in NE	2,506	1,501	100	3,907
CRI Outdoor Classroom	0	4,500	0	4,500
CRI Student Council	0	2,561	1,406	1,155
Canyon Ridge Yearbook	0	8,528	7,120	1,408
CRI Spanish Acct	0	667	0	667
Horizon Int Activity Account	0	20,173	15,434	4,738
Horizon Int Staff Account	0	17,252	14,011	3,241
Horizon Int Counseling	0	152	0	152
Horizon in Art Account	0	131	0	131
Mustang Valley PE Activity	0	5,351	3,626	1,724
Sub Total Activities	\$ <u>67,583</u>	\$ <u>195,509</u>	\$ <u>169,013</u>	\$ <u>94,078</u>
Total Activity Funds	\$ <u>1,029,723</u>	\$ <u>1,950,353</u>	\$ <u>1,893,373</u>	\$ <u>1,086,704</u>

Exhibit A-8

MUSTANG INDEPENDENT SCHOOL DISTRICT NO. 69, CANADIAN COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA#	Pass-Through Grantor's Project Number	Deferred Revenue (Accounts Receivable) July 1, 2013	Federal Grant Receipts	Federal Grant Expenditures	Deferred Revenue (Accounts Receivable) June 30, 2014	Indirect Costs Included In Federal Grant Expenditures
U.S. Department of Defense							
Direct Programs:							
JROTC	12.357	779	0	97,571	0	97,571	0
Total U.S. Department of Defense			0	97,571	0	97,571	0
U.S. Department of Education							
Direct Programs:							
Indian Education Title VII	84.060A	561	(75,965)	257,762	181,797	0	6,408
Passed Through Oklahoma State Department of Education:							
Title I, Basic	84.010	511	(149,958)	759,495	614,376	(4,839)	19,914
Title I Cluster			(149,958)	759,495	614,376	(4,839)	19,914
IDEA-B Project ECHO	84.027	615	(1,580)	1,580	0	0	0
IDEA-B Flowthrough	84.027	621	(388,546)	2,136,799	1,788,210	(39,957)	0
IDEA-B Preschool	84.173	641	(400)	39,967	40,762	(1,195)	0
Special Education Cluster			(390,526)	2,178,346	1,828,972	(41,152)	0
Title II, Part A,	84.367	541	(46,349)	131,472	113,327	(28,204)	4,121
Title III, Emergency Immigrant	84.365	571	0	10,017	10,836	(819)	389
Title III, Part A	84.365	572	0	36,881	36,881	0	723
Passed through Oklahoma Department of Vocational Education							
Carl Perkins Supplemental Grant	84.048	421	0	0	51,587	(51,587)	0
Total U.S. Department of Education			(662,798)	3,373,974	2,837,776	(126,600)	31,555
Passed through Oklahoma Department of Emergency Management							
Federal Emergency FEMA (Note 4)	97.036	594	(76,372)	76,372	0	0	0
Total Oklahoma Department of Emergency Management			(76,372)	76,372	0	0	0
U.S. Department of Human Services							
Passed through Department of Human Services:							
Rehabilitation Services (OJT) Federal	84.126	456	15,965	3,762	2,963	16,764	0
Total U.S. Department of Human Services			15,965	3,762	2,963	16,764	0
U.S. Department of Agriculture							
Passed Through State Department of Education:							
Breakfast Program	10.553	764	0	245,608	245,608	(0)	0
Lunch Program	10.555	763	0	1,241,550	1,241,550	(0)	0
Commodities Distributed-Lunch (Note 2)	10.555	N/A	0	195,746	195,746	0	0
Child Nutrition Cluster			0	1,682,904	1,682,904	(0)	0
Total U.S. Department of Agriculture			0	1,682,904	1,682,904	(0)	0
TOTAL FEDERAL ASSISTANCE			(723,205)	5,234,583	4,523,643	(12,265)	31,555

Note 1 - The Schedule of Federal Awards expended was prepared using the same accounting policies used in preparing the District's Financial Statements. The District's policy is to recognize expenditures when encumbered (contracted for) rather than at the time the related fund liability is incurred.

Note 2 - Commodities received were of a nonmonetary nature and therefore the total revenue does not agree with the financial statements by this amount.

Note 3 - The school did not code any JROTC expenditures to a federal project code (779). They instead tracked the JROTC expenditures using a local project code (179). We did not include the project 179 expenditures since this is not a federal project code.

Note 4 - School had expended FEMA monies in prior years. We added these expenditures to the beginning balance.

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Board of Education
Mustang Independent School District #69
Canadian County, Oklahoma

Board Members:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the fund type and account group financial statements, regulatory basis, of **Mustang Independent School District #69**, Canadian County, Oklahoma, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's combined financial statements and have issued our report thereon dated January 29, 2015. The report on these financial statements was adverse because the District has elected to prepare its financial statements on the basis of the financial reporting provisions of the Oklahoma State Department of Education, which is a material departure from accounting principles generally accepted in the United States of America. Our opinion regarding the presentation of the financial statements referred to above in conformity with the prescribed basis of accounting was qualified due to the omission of the general fixed asset account group.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Mustang Independent School District #69**, Canadian County, Oklahoma's (The District's), internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The District's internal control. Accordingly, we do not express an opinion on the effectiveness of The District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs to be significant deficiencies. (Findings 2014-1 through 2014-6)

Compliance and Other Matters

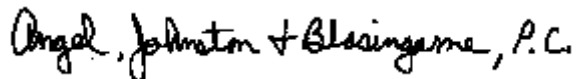
As part of obtaining reasonable assurance about whether The District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Mustang Independent School District #69, Oklahoma's, Response to Findings

Mustang Independent School District #69, Oklahoma's responses to the findings identified in our audit are described in the attached corrective action plan. The District's responses were not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Chickasha, Oklahoma
January 29, 2015



ANGEL,
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CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

The Honorable Board of Education
Mustang Independent School District #I-69
Canadian County, Oklahoma

Board Members:

Report on Compliance for Each Major Federal Program

We have audited **Mustang Independent School District #I-69**, Canadian County, Oklahoma's, compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2014. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of **Mustang Independent School District, I-69**, Canadian County, Oklahoma's, major federal programs based on our audit of the types of compliance requirements referred above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, **Mustang Independent School District #I-69**, Canadian County, Oklahoma complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

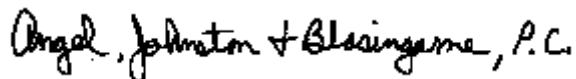
Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



Chickasha, Oklahoma
January 29, 2015

Mustang ISD No. 69, Canadian County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2014

SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

Type of Auditor's Report Issued: Adverse opinion on the combined financial statements in conformity with generally accepted accounting principles and a qualified opinion for the omission of the general fixed asset account group on the combined financial statements in conformity with a regulatory basis of accounting prescribed by the Oklahoma Department of Education.

Internal Control Over Financial Reporting:

Material Weakness(es) identified? ___ Yes x No

Significant Deficiencies identified not considered to be material weaknesses? X Yes ___ No

Noncompliance material to financial statements noted? ___ Yes X No

Federal Awards:

Type of auditor's report issued on compliance for major programs: Unqualified

Internal Control Over Major Programs:

Material Weakness(es) identified? ___ Yes X No

Significant Deficiencies identified not considered to be material weaknesses? ___ Yes X No

Audit Findings disclosed that are required to be reported in accordance with Circular A-133, Section .510(a)? ___ Yes X No

Dollar threshold used to distinguish between Type A and Type B programs \$300,000

Auditee Qualified as low-risk auditee under OMB Circular A-133 Section 20? ___ Yes X No

Identification of Major Programs:

CFDA#

10.553, 10.555

National School Lunch

84.027, 84.173

Special Education Cluster

Mustang ISD No. 69, Canadian County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2014

Findings-Financial Statement Audit

2014-1 - Finding

Statement of Condition – As noted in the prior year audit, the treasurer made numerous revenue coding errors. These errors were noted and corrected during the preparation of the Estimate of Needs.

Criteria – The State OCAS coding is to be used to track all revenue. The data is then submitted to the State Department of Education where it is used in various calculations.

Cause/Effect of Condition – Incorrect coding can result in incorrect state aid or other calculations by the state.

Recommendation – The person in charge of the revenue coding should attend training for OCAS coding. Also, the revenue should be reviewed and compared to the prior year before the OCAS data is submitted.

2014-2 - Finding

Statement of Condition – The district received federal revenue under the JROTC program. They coded the revenues to the federal project code 779. However, the expenditures were coded to a local project code 179. Thus, the districts OCAS data does not reflect that the JROTC federal monies were expended.

Criteria – Federal expenditures should be coded to the same project code as the revenue received in order to ensure expenditures equal revenues received.

Cause/Effect of Condition – Employees in charge of coding, were not aware that expenditures needed to be coded to a federal project code. The federal agency could require the school to pay back the money if they do not code enough expenditures to the federal project code to offset the revenues received.

Recommendation – The district should contact the State Department of Education regarding the proper coding of these expenditures.

Mustang ISD No. 69, Canadian County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2014

2014-3 –Finding

Statement of Condition – The district determined that certain employees in the administration office were exempt from the Fair Labor Standards Act. However, it appears some of these employees do not fall within the allowed exemptions.

Criteria – The Fair Labor Standards Act has specific requirements regarding who can be considered exempt employees.

Cause/Effect of Condition – It appears there were some improper determinations made which could cause the district to be in noncompliance with the Fair Labor Standards Act.

Recommendation – We recommend the district review all exempt employees and document which exemption they fall under. Documentation of the reason for the exemption should be placed in the employees file.

2014-4 – Finding

Statement of Condition –During testing of payroll transactions, we noted numerous coding errors and adjustments including small overpayments.

Criteria – Employees should be paid the amount agreed upon by the board of education and the employee as documented by a signed contract.

Cause/Effect of Condition – Employees in charge of payroll made calculation errors that caused some employees to be underpaid or overpaid.

Recommendation – Care should be taken to ensure that payroll calculations are accurate and that employees are paid the amount agreed upon in their contracts. We recommend that calculations be reviewed by another employee. In addition, we recommend that a reconciliation of the amounts paid to the contract be performed before the last check of the year is issued.

Mustang ISD No. 69, Canadian County
Schedule of Findings and Questioned Cost
For the Year Ended June 30, 2014

2014-5 – Finding

Statement of Condition – The district changed payment dates for 12 month employees from monthly to bi-weekly. Since they were going to be paid later than normal on part of their salary, the district paid a \$500 stipend to each of these employees to help alleviate their cash flow shortage created by this change. We could not locate board approval for this stipend.

Criteria – Payments not included on an approved contract, should be approved by the board of education.

Cause/Effect of Condition – This appears to be an oversight. However, it could result in employees being paid more than the board intended.

Recommendation – Payments to employees that were not included on the approved contract, should be board approved.

2014-6 – Finding

Statement of Condition – The District overexpended their General Fund appropriations during the year. They were able to file a supplemental appropriation before the end of the year, which increased their appropriations enough to cover these overexpenditures.

Criteria – Oklahoma State Statutes prohibit a school from expending more than their approved appropriations.

Cause/Effect of Condition – Employees knew they would overcollect on some revenues due to growth in attendance. However, they did not file the required forms to increase their appropriations. This caused them to be in noncompliance with Oklahoma State Statutes.

Recommendation – Controls should be implemented to help prevent this from happening in the future.

Findings and Questioned Costs – Major Federal Award Programs Audit

(None Reported)

Mustang ISD No. 69, Canadian County
Summary Schedule of Prior Year Audit Findings
Year Ended June 30, 2014

2013-1 – Finding

Statement of Condition – While preparing the estimate of needs, we noted numerous miscoding of revenue data. These were corrected before the OCAS data was submitted.

Criteria – The State OCAS coding is to be used to track all revenue. The data is then submitted to the State Department of Education where it is used in various calculations.

Cause/Effect of Condition – Incorrect coding can result in incorrect state aid or other calculations by the state.

Recommendation – The person in charge of the revenue coding should attend training for OCAS coding. Also, the revenue should be reviewed and compared to the prior year before the OCAS data is submitted.

Current Status – We continued to note this for the 2013-14 year.

2013-2 – Finding

Statement of Condition – During our dates of fieldwork, the District could not locate documentation for several extra duty payments made to employees. Documentation was eventually located for all but 4 small extra pay amounts to two employees.

Criteria – All extra duty payments should be supported by documentation. This documentation should be maintained in an orderly fashion so that it can be readily accessible.

Cause/Effect of Condition – The District had turnover in payroll personnel that has resulted in loss of continuity. Employees could be paid amounts they didn't qualify for.

Recommendation – The district should review procedures for filing supporting documentation so that it can be readily accessible.

Current Status – The school was much improved in this area.

2013-3 – Finding

Statement of Condition – During our testing within the activity fund FFA sub account Blue and Gold fundraiser, we noted that a deposit for \$722 was held for one month prior to being deposited. Also, deposits for this fundraiser could not be traced to receipts.

Criteria – All money should be deposited daily if over \$100 and never less than once per week. Receipts should be issued for all money collected from students.

Cause/Effect of Condition – School employees are not following policies and procedures. This increases the risk of fraud and theft of money.

Recommendation – All money should be deposited daily and receipts should be issued to all students who turn in money.

Current Status – This was not noted during the 2013-14 audit.

2013-4 – Finding

Statement of Condition – As of our interim date of 5/22/13, the last completed reconciliation for activity fund was for January.

Criteria – Good accounting procedures require timely reconciliation of the accounting records to the bank statements.

Cause/Effect of Condition – There were errors in February and March that the activity custodians couldn't locate, and so they couldn't reconcile April and May. The errors were located and corrected and all reconciliations were completed. Failure to complete timely reconciliations increases the risk of fraud and inaccurate financial statement information.

Recommendation – Bank statements should be reconciled to the accounting records on a monthly basis.

Current Status – The activity fund was being reconciled in a timely manner for the 2013-14 year.

2013-5 – Finding

Statement of Condition – The former receivables employee for activity fund left in December. During January-May, the District continued to use her electronic signature for all checks although she was no longer an employee.

Criteria – Checks should be signed by employees who are approved by the district.

Cause/Effect of Condition – The district did not change the electronic signature in the software, therefore, checks written in January-May had the signature of an individual who was no longer employed by the school.

Recommendation – The electronic signatures should match the authorized signors at the bank, and all former employee signatures should be removed.

Current Status – This was corrected for the 2013-14 year.

OTHER INFORMATION

Mustang ISD No. 69, Canadian County
Schedule of Accountant's Professional Liability Insurance Affidavit
For Year Ending June 30, 2014

STATE OF OKLAHOMA)
)ss
COUNTY OF GRADY)

The undersigned auditing firm of lawful age, being first duly sworn on oath says that said firm had in full force and effect Accountant's Professional Liability Insurance in accordance with the "Oklahoma Public School Audit Law" at the time of audit contract and during the entire audit engagement with *Mustang Independent School District* for the audit year 2013-14.

ANGEL, JOHNSTON, & BLASINGAME, P.C.



by _____

Subscribed and sworn to before me this _____ day of _____, 2015.

Notary Public

My Commission Expires 07-01-18

SCHOOL'S CORRECTIVE ACTION PLAN



MUSTANG PUBLIC SCHOOLS

Mustang, Oklahoma

Mustang Public School – 09 I069

FY14 Audit Findings

Corrective Action Plan

Audit Finding Reference Number: 2014-1

Description of Finding: The Assistant Treasurer made several OCAS revenue coding errors.

Contact Person: Chief Financial Officer, Jon Dotson and Assistant Treasurer Linda Martin

Steps Implemented: A personnel change was made in the office of Assistant Treasurer in September, 2014. Jon Dotson and Linda Martin have attended the training necessary to become proficient at OCAS coding. The CFO checks on revenue coding periodically to insure that proper codes are entered into financial data.

Completion Date: October 1, 2014

Audit Finding Reference Number: 2014-2

Description of Finding: The District received JROTC program funds and properly coded them to federal project code 779. When the funds were spent, the local 179 code for expenditures was used. Even though the funds were used to support the JROTC program, the incorrect coding would cause questions about the proper utilization of the federal funding.

Contact Person: Jon Dotson, CFO and Encumbrance Clerk Stacy Brown.

Steps Implemented: The error is corrected on this year's reports.

Completion Date: July 1, 2014

Audit Finding Reference Number: 2014-3

Description of Finding: The previous CFO authorized the classification of several employees as exempt under the Fair Labor Standards Act and were paid monthly salaries rather than considered hourly employees.

Contact Person: Jon Dotson, CFO and Tracy Skinner, Executive Director of Human Resources

Steps Implemented: This improper classification of employees was corrected to comply with the Fair Labor Standards Act.

Completion Date: July 1, 2014

Audit Finding Reference Number: 2014-4

Description of Finding: Numerous coding mistakes were made in payroll processing, resulting in small overpayments to employees.

Contact Person: Jon Dotson, CFO and Kim Weinrich, Payroll Supervisor

Steps Implemented: The District hired Kim Weinrich, an experienced payroll supervisor, who has been instrumental in providing guidance and expertise to the payroll office. The coding errors have been identified and corrected.

Completion Date: July 1, 2014

Audit Finding Reference Number: 2014-5

Description of Finding: The District paid a \$500 stipend to employees who experienced a change in their pay frequency from monthly to twice-monthly. The School Board was presented a list of employees who would receive the stipend and approved it. However, a specific agenda item was not devoted to the item for consideration.

Contact Person: Jon Dotson, CFO

Steps Implemented: Since the oversight was discovered, a more formal Board approval path has been followed when stipends are considered.

Completion Date: July 1, 2014

Audit Finding Reference Number: 2014-6


Description of Finding: The District over encumbered and over expended their appropriations in the general fund during the fiscal year.

Contact Person: Jon Dotson, CFO

Steps Implemented: The CFO who authorized the over expenditures is no longer employed by the District. An interim CFO was hired in April, 2014 and secured the proper supplemental appropriation before the end of the fiscal year. The finance department is currently operated with proper knowledge and solid communication to prevent this serious mistake from

happening this fiscal year. The issue of over encumbrance and spending beyond the appropriated amount is of utmost importance. The CFO and the encumbrance clerk have a daily awareness of the encumbrance level in each appropriated fund. While each of the audit findings are important to correct, this finding is critical because of the wording of state law pertaining to the issue. The financial office clearly understands that school personnel and Board members can be held liable when the School District over spends the limits of the revenue budget.

Completion Date: July 1, 2014

Submitted by  Jon W. Dotson, Chief Financial Officer 1-29-15